

Message Text

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FM AMEMBASSY ABU DHABI

TO SECSTATE WASHDC 3942

C O N F I D E N T I A L ABU DHABI 0439

E.O. 11652: GDS

TAGS : EAID, EFIN, TC

SUBJECT : ABU DHABI MECHANISM FOR TRILATERAL INVESTMENT AND AID

1. DURING RECENT MEETING WITH AMBASSADOR, HASSAN ABBAS ZAKI, DIRECTOR OF ABU DHABI FUND FOR ARAB ECONOMIC DEVELOPMENT (ADFAED), AGAIN STATED HIS WILLINGNESS TO CONSIDER TRILATERAL INVESTMENT PROPOSALS. AS AN EXAMPLE HE OUTLINED RECENT COOPERATION BETWEEN UK AND ABU DHABI IN SMALL PROJECT IN THE SUDAN. BRITISH APPROACHED ZAKI WITH SPECIFIC PROPOSAL PRESENTING FEASIBILITY STUDIES AND FINANCIAL PROGRAM WHICH QUITE CLEARLY DESCRIBED ROLE ADFAED WOULD PLAY. AS RESULT, ZAKI DISPATCHED TEAM OF HIS OWN TO SUDAN FOR BRIEF REVIEW OF PROJECT. SOON THEREAFTER, ADFAED AGREED TO PARTICIPATE.

2. ADFAED IS LIMITED IN EXTENT OF FINANCIAL EXPOSURE BY TERMS OF ITS CHARTER. ANY SINGLE FUND LOAN MAY NOT EXCEED 10 PERCENT OF AUTHORIZED CAPITAL (DOLLARS 50 MILLION MAXIMUM LOAN) NOR MAY LOAN EXCEED MORE THAN 50 PERCENT OF TOTAL PROJECT COSTS. FUND THEREFORE CANNOT BE LEAD ELEMENT IN ASSEMBLING FINANCIAL CONSORTIUM FNKB ANY GIVEN PROJECT, BUT MUST INSTEAD CONCENTRATE ON FILLING FINANCIAL GAPS. ADFAED IN MOST CASES THEREFORE WORKS CLOSELY WITH IRD, IDA, IFC, AND ARAB REGIONAL FUNDS.

3. IN NOVEMBER 1974, WHEN TRILATERAL INVESTMENT IDEA FIRST PROPOSED, EMBASSY DISCUSSED CONCEPT AND ITS IMPLEMENTATION WITH ZAKI. AT THAT TIME, ZAKI PLACED GREATEST EMPHASIS ON NEEDS OF ARAB LDC'S, I.E., EGYPT, SYRIA AND YEMEN. SINCE 1974.

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ADFAED PROJECT IDENTIFICATION ACTIVITIES HAVE EXPANDED BEYOND

ARAB WORLD. DURING HIS CONVERSATION WITH AMBASSADOR, ZAKI VOLUNTEERED
D
THAT FROM ADFAED POINT OF VIEW, TRILATERAL IDEA COULD BE IMPLEMENTED
IN SOUTH EAST ASIA, PARTICULARLY IN MALAYSIA. COMMENT: ZAKI'S
REMARKS, AND FACT THAT ADFAED FINANCES GAPS IN MANY PROJECTS, ILLUSTRATES
THAT ADFAED CAN JOIN IN COOPERATIVE EFFORT IN SELECTED LDC'S.
BUT PERHAPS ONLY USEFUL APPROACH (SEE REFTEL COMMENTS ON PROPOSED
SUBSTANCE OF SECRETARY SIMON'S VISIT) IS TO BRING SPECIFIC PROJECTS
AND FINANCING PLANS TO ZAKI'S ATTENTION.
STERNER

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